

Department of Public Health
and Human Services

Section:
MEDICALLY NEEDY

FAMILY MEDICAID

Subject:
Cash Option

DRAFT

Supersedes: FMA 702-1, 12/01/98

► **References:** 42 CFR 435.821, .822, .831; ARM 37.82.101, .1107

GENERAL RULE--To establish Medically Needy coverage, recipients must satisfy their incurment obligation. The incurment obligation is equal to the difference between their 'total countable income' and the appropriate medically needy income level (MNIL). Individuals may elect to satisfy the obligation by making a cash payment to the Department of Public Health and Human Services (DPHHS) equal to the incurment obligation amount.

The amount of the cash payment (i.e., incurment obligation) can be reduced with allowable medical expenses.

► **PERIOD OF
ELIGIBILITY**

After the cash payment has been received, the recipient's eligibility will be sent to MMIS indicating coverage from the first day through the last day of the month.

NOTE: Because all Medicaid covered expenses incurred during the month will be paid by Medicaid, Form HCS-454; "Provider Information Memo" (a.k.a., One Day Authorization form) must never be issued for cash option cases.

**REDUCTION OF
CASH OPTION
AMOUNT**

Expenses that can be used to reduce the cash option payment amount include:

- 1. paid or unpaid medical expenses incurred during the three preceding months;

► **NOTE:** Medicaid cost share payments (formerly co-payments) may be used to reduce the cash option payment.

2. health insurance premiums (including Medicare); or

TEAMS: Enter the health insurance premium amount on the INCU screen using the month and 00 for the date. For example, a premium due in January would have as '0100' date of service entered.

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- 3. non-Medicaid covered medical expenses (e.g., chiropractor for an individual age 21 or older) incurred during the coverage month.

NOTE: Medicaid payable expenses incurred during the coverage month **cannot** be used to reduce the cash payment amount.

Do not use the following medical expenses to reduce the cash option payment amount:

1. expenses which were incurred while the individual was eligible for Medicaid;
2. expenses which are the responsibility of a third party (e.g., health insurance company);
3. Medicare premiums if the individual is eligible for either QMB (Qualified Medicare Beneficiary) or SLMB (Special Low-Income Medicare Beneficiary) coverage; or
4. health insurance premiums which have been determined to be cost-effective by the Third Party Liability (TPL) Unit and are being paid by Medicaid.

CASH OPTION FOR RETROACTIVE COVERAGE

So long as the applicant incurred medical expenses which exceed the incurment obligation amount, a cash payment can satisfy the incurment obligation for retroactive coverage months.

Medicaid payable expenses incurred during the coverage month **cannot** be used to reduce the cash payment amount.

- If bills incurred in the retroactive month have already been used in full to meet future incurments, retroactive coverage cannot be processed.

PROCEDURE

Responsibility:

ACTION

Applicant or Representative

1. Complete Form HCS-250, 'Application for Assistance' and provide required verification.

Elig Case Manager

2. If eligible, determine applicant's incurment obligation.
3. Provide the applicant with Form HCS-410, "Medically Needy Declaration of Choice."
4. When applicant/recipient chooses cash option:

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- a. Enter "Y" after cash option on TEAMS INCU screen; INCU cash option defaults to "N."
- b. Authorize INCU in the 'BENEFIT AUTH' field;
- c. Complete information on Form HCS-411, "Medically Needy Cash Option - Fiscal Notification." Required information includes:
 - (i) case name;
 - (ii) TEAMS case number;
 - (iii) Social Security Number;
 - (iv) eligibility month; and
 - (v) cash payment amount.
- d. Give recipient the completed HCS-411 plus a pink a medically needy envelope and instruct to:
 - (i) Make payment payable to **DPHHS** (Department of Public Health and Human Services);
 - (ii) Insert payment and completed HCS-411 into the pink medically needy envelope and mail it to:

Medically Needy Cash-Option
 Fiscal Bureau
 PO Box 4210
 Helena, MT 59604

► **NOTE:** Fiscal Bureau must receive the HCS-411 along with the payment in the pink envelope to ensure timely authorization of Medicaid eligibility.

NOTE: Cash option payments cannot be used to reduce an incurment obligation in future months.

Fiscal Bureau

- 5. Compare the personal check against "Returned Check List" and return the check if the recipient is on this list.

If the bank has returned a cash option check, Fiscal Bureau will no longer accept personal checks from the household. The Fiscal Bureau will inform the recipient, with a copy to the county office, that the personal check privilege has been revoked. Future cash option payments must be by money order.

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6. Compare payment received with amount due on TEAMS INCU screen.

NOTE: Checks and/or money orders received for an incorrect amount will be returned to the recipient.

7. If payment received equals "Amount Due" on TEAMS INCU screen, enter the payment amount.



- a. Medicaid eligibility will be authorized and eligibility sent to MMIS that evening; and
- b. TEAMS will generate a notice situation showing payment was received.

- **Elig Case Manager** 8. Generate notice (optional).

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